AHS Hospital Corp.

Consolidated Financial Statements
As of and for the years ended
December 31, 2025 and 2024

AHS Hospital Corp.

Consolidated Balance Sheets
As of December 31, 2025 and 2024
(in thousands)

ASSETS	Unaudited December 31, 2025	Audited December 31, 2024
Current assets:		
Cash and cash equivalents	$ 394,370	$ 244,580
Assets limited as to use	61,443	67,872
Patient accounts receivable, net	447,420	465,950
Other current assets	286,746	278,957
Total current assets	1,189,979	1,057,359
Assets limited as to use, net of current portion	3,079,525	2,804,958
Long-term investments and other assets	643,833	601,626
Property, plant and equipment, net	1,552,311	1,534,904
Right of use assets, net	327,586	347,760
Total assets	$ 6,793,234	$ 6,346,607
LIABILITIES AND NET ASSETS		
Current liabilities:		
Current portion of long-term debt	$ 13,485	$ 19,136
Current portion of lease liability	51,294	49,576
Accounts payable and accrued expenses	589,933	565,117
Estimated amounts due to third party payers	63,020	57,841
Total current liabilities	717,732	691,670
Accrued employee benefits and other, net of current portion	298,591	291,637
Long-term debt, net of unamortized bond premium, debt issuance costs, and current portion	1,353,412	1,366,897
Long-term lease liability, net of current portion	287,461	308,001
Total liabilities	2,657,196	2,658,205
Net assets:		
Without donor restrictions controlled by the Hospital	3,901,448	3,460,230
Without donor restrictions attributable to noncontrolling interest	4,061	4,244
Without donor restrictions	3,905,509	3,464,474
With donor restrictions	230,529	223,928
Total net assets	4,136,038	3,688,402
Total liabilities and net assets	$ 6,793,234	$ 6,346,607

AHS Hospital Corp.

Consolidated Statements of Operations
For the years ended December 31, 2025 and 2024
(in thousands)

	Unaudited December 31, 2025	Audited December 31, 2024
Revenues, gains and other support		
Net patient service revenue	$ 4,730,335	$ 4,308,381
Other revenue	82,673	47,751
Legislative funding from FEMA	-	872
Net assets released from restrictions	16,713	15,827
Total revenues, gains and other support	4,829,721	4,372,831
Expenses		
Salaries	2,175,581	2,021,210
Supplies and other expenses	1,820,457	1,598,603
Employee benefits	465,879	410,607
Depreciation and amortization	193,484	183,188
Interest	50,062	55,792
Total operating expenses	4,705,463	4,269,400
Operating income	124,258	103,431
Change in net unrealized gains	103,341	69,325
Investment income, net	223,722	150,402
Nonoperating loss, net	(6,107)	(5,697)
Excess of revenues over expenses	445,214	317,461
Other changes in net assets without donor restrictions		
Noncontrolling interest	(183)	-
Equity transfers to related parties	(44,606)	(157,918)
Change in funded status of benefit plans	-	16,018
Net assets released from restrictions for capital purposes	26,818	21,006
Government grants used for capital purchases	13,792	54,958
Increase in net assets without donor restrictions	$ 441,035	$ 251,525

AHS Hospital Corp.

Consolidated Statements of Changes in Net Assets
For the years ended December 31, 2025 and 2024
(in thousands)

	Unaudited December 31, 2025	Audited December 31, 2024
Net assets without donor restrictions		
Excess of revenues over expenses	$ 445,214	$ 317,461
Equity transfers to related parties	(44,606)	(157,918)
Noncontrolling interest	(183)	-
Change in funded status of benefit plans	-	16,018
Net assets released from restrictions for capital purposes	26,818	21,006
Government grants used for capital purchases	13,792	54,958
Increase in net assets without donor restrictions	441,035	251,525
Net asset with donor restrictions		
Contributions	42,078	43,809
Investment income	4,213	2,033
Change in net unrealized gain	3,841	3,948
Net assets released from restrictions for operations	(16,713)	(15,827)
Net assets released from restrictions for capital purposes	(26,818)	(21,006)
Increase in net assets with donor restrictions	6,601	12,957
Increase in net assets	447,636	264,482
Net assets		
Beginning of year	3,688,402	3,423,920
End of period	$ 4,136,038	$ 3,688,402

AHS Hospital Corp.

Consolidated Statements of Cash Flows
For the years ended December 31, 2025 and 2024

(in thousands)	Unaudited December 30, 2025	Audited December 31, 2024
Cash flows from operating activities		
Change in net assets	$ 447,636	$ 264,482
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Change in funded status of benefit plans	-	(16,018)
Equity transfers to related parties	44,606	157,918
Depreciation and amortization	193,484	183,188
Loss on disposal of property, plant and equipment	2,800	129
Noncontrolling interest	(183)	-
Net realized and unrealized gain on investments	(252,813)	(146,537)
Gain in value of swap agreements	(705)	(1,573)
Amortization of deferred financing costs and bond premium/discounts	(2,352)	(2,352)
Amortization of right of use assets	52,119	48,250
Contributions restricted for capital and permanent investments	(37,061)	(78,989)
Changes in assets and liabilities		
Decrease (increase) in net patient accounts receivable	18,530	(81,138)
Increase in other assets	(2,150)	(85,631)
Decrease in accounts payable, accrued expenses, est. amounts due from third party payers, lease liability, and other liabilities	(6,308)	(19,887)
Net cash provided by operating activities	457,603	221,842
Cash flows from investing activities		
Purchases of investments	(2,113,602)	(1,686,151)
Proceeds from sales of investments	2,079,363	1,606,029
Repayment of loan receivables due from AHSIC	6,799	6,548
Loan issued to CentraState	-	(20,000)
Repayment of loan to CentraState	-	19,681
Contributions to venture capital private equity funds	(3,374)	(2,786)
Acquisition of Advanced Care Oncology and Hematology Associates, net of cash acquired	(2,195)	(9,511)
Additions to property, plant and equipment	(249,009)	(311,927)
Net cash used in investing activities	(282,018)	(398,117)
Cash flows from financing activities		
Principal payments on long-term debt and line of credit	(16,784)	(16,133)
Proceeds from line of credit	-	200,000
Principal payments on line of credit	-	(200,000)
Equity transfers to related parties	(44,606)	(143,069)
Contributions restricted for capital purposes and permanent investments	35,595	63,218
Net cash used in financing activities	(25,795)	(95,984)
Increase (decrease) in cash and cash equivalents	149,790	(272,259)
Cash and cash equivalents, beginning of year	244,580	516,839
Cash and cash equivalents, end of the period	$ 394,370	$ 244,580

AHS Hospital Corp.
For the years ended December 31, 2025 and 2024

		Period Ended December 31,	
		2025	**2024**
Licensed Beds (1)			
	MMC	759	735
	OMC	513	513
	NMC	148	148
	CMC	260	260
	HMC	111	111
	Total Acute Care	1,791	1,767
Admissions			
	MMC	47,824	45,984
	OMC	22,847	22,332
	NMC	8,207	7,922
	CMC	10,122	9,286
	HMC	3,940	3,825
	Total Acute Care	92,940	89,349
Observations			
	MMC	11,008	9,089
	OMC	6,390	5,913
	NMC	2,122	1,891
	CMC	3,670	3,602
	HMC	1,198	961
		24,388	21,456
Admissions + Observations			
	MMC	58,832	55,073
	OMC	29,237	28,245
	NMC	10,329	9,813
	CMC	13,792	12,888
	HMC	5,138	4,786
		117,328	110,805

AHS Hospital Corp.
For the years ended December 31, 2025 and 2024

	Period Ended December 31,	
	2025	**2024**
Patient Days		
MMC	258,824	247,882
OMC	108,320	110,964
NMC	45,699	42,613
CMC	48,303	44,578
HMC	20,941	20,434
Total Acute Care	482,087	466,471
Average Length of Stay		
Acute Avg LOS	5.2	5.2
Inpatient Surgeries		
MMC	13,124	13,124
OMC	3,941	3,980
NMC	725	743
CMC	1,411	1,226
HMC	537	607
	19,738	19,680
Outpatient Surgeries		
MMC (2)	25,943	25,386
OMC	14,154	12,482
NMC	2,066	2,105
CMC	4,505	4,569
HMC	1,343	1,210
	48,011	45,752
Total Surgeries		
MMC	39,067	38,510
OMC	18,095	16,462
NMC	2,791	2,848
CMC	5,916	5,795
HMC	1,880	1,817
	67,749	65,432

AHS Hospital Corp.
For the years ended December 31, 2025 and 2024

	Period Ended December 31,	
	2025	**2024**
Outpatient Visits		
MMC	877,106	828,962
OMC	342,498	330,155
NMC	109,194	104,245
CMC	139,169	134,836
HMC	78,678	77,954
	1,546,645	1,476,152
Emergency Room Visits (3)		
MMC	110,087	110,914
OMC (4)	108,108	108,276
NMC	39,511	38,917
CMC	47,618	47,409
HMC	24,174	23,285
	329,498	328,801
Deliveries (5)		
MMC	5,882	5,723
OMC	2,146	2,047
NMC	422	479
CMC	737	637
	9,187	8,886
HomeCare Visits	239,868	228,692
Full time equivalents (6) Hospital divisions, AVN, and AMG	18,902	18,279

Notes:
(1) Excludes newborn bassinets.
(2) Includes outpatient surgeries from 111 Madison Ave and Rockaway.
(3) Includes visits resulting in admission.
(4) Includes ER Visits from Union.
(5) Includes multiple births.
(6) Calculation of FTE is as of period end and assumes 37.5-hour work week.

1. Organization

AHS Hospital Corp. and subsidiaries (the "Hospital") is a New Jersey not-for-profit entity comprised of five hospital facilities, the Morristown Medical Center ("Morristown Division"), the Overlook Medical Center ("Overlook Division"), the Newton Medical Center ("Newton Division"), the Chilton Medical Center ("Chilton Division"), and the Hackettstown Medical Center ("Hackettstown Division"). Atlantic Visiting Nurse ("AVN"), which provides comprehensive home health and hospice and palliative care services as well as adult day care services and various community health services, is also included within the Hospital. Each of the above operate as divisions within AHS Hospital Corp. and not as separate corporations. Also, included in the Hospital is the Foundation for the Morristown Medical Center ("MMCF"), a wholly owned subsidiary and not-for-profit fundraising organization. The Hospital is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

The Hospital provides regional health care services including a broad range of adult, pediatric, obstetrical/gynecological, psychiatric, oncology, intensive care, cardiac care and newborn acute care services to patients from the counties of Morris, Essex, Passaic, Sussex, Bergen, Hunterdon, Union, Warren and Somerset in New Jersey, Pike County in Pennsylvania and southern Orange County in New York. The Hospital is also a regional health trauma center that provides tri-state coverage and provides numerous outpatient ambulatory services, rehabilitation and skilled care and emergency care.

Also included in the Hospital is Practice Associates Medical Group doing business as Atlantic Medical Group, P.A. ("AMG"), the captive physician practice serving all of the Hospital divisions. It is a nonprofit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code. Originally formed to provide billing and collection services for fees generated by physicians employed by the hospital divisions, AMG now serves as a physician-governed group practice entity with over 1,700 providers. AMG supports the Hospital by improving consistency, enhancing collaboration among those delivering care and optimizing care system operations.

MMCF solicits funds in its general appeal to primarily support the Morristown Division and the community as MMCF's Board may deem appropriate. The by-laws of MMCF were amended on November 19, 2015, to provide that funds received by MMCF after the date of the amendment may be used for the benefit of Atlantic Health System, Inc. (the "Parent") and the Hospital, including all subsidiaries, upon approval of the Executive Committee of the Board of MMCF.

In June 2019, Atlantic Rehabilitation Institute ("ARI") began operations under a joint venture between the Hospital and Kindred Healthcare ("Kindred"). ARI is a two-story, 38-bed rehabilitation facility, located in Madison, NJ and provides patient-focused rehabilitation dedicated to the treatment and recovery of individuals through intensive specialized rehabilitation services for patients who have experienced a loss of function from an injury or illness. The Hospital contributed the existing rehabilitation business for a 55% ownership investment. The Hospital consolidates the joint venture's operations and records an adjustment for the noncontrolling interest within other changes in net assets without donor restrictions on the consolidated statements of operations and separates Kindred's equity as noncontrolling interest within net assets without donor restrictions on the consolidated balance sheet.

The Hospital is a wholly controlled subsidiary of the Parent, a not-for-profit organization. The Parent wholly owns the following for-profit entities; Atlantic Health Management Corp., a for-profit holding company, which owns AHS Investment Corporation and Subsidiaries (“AHSIC”); AHS Insurance Company, Ltd. (the “Captive”), a for-profit insurance company licensed under the provisions of the Cayman Islands Insurance Law; AHS Health Network LLC, a for-profit established to provide a vehicle to report risk contracting under the requirements of the banking and insurance regulations; Primary Care Partners, LLC, Atlantic Health Partners, LLC, and Atlantic Brain and Spine, LLC, for-profit physician practice entities; AHS ACO, LLC, Care Better ACO LLC and Premier Health ACO, LLC, for-profit limited liability companies established for the purpose of participating in the Medicare Shared Savings Program under the Patient Protection and Affordable and Accountable Care Act of 2010 as well as participating in shared savings programs with certain commercial carriers; and several urgent care and advanced urgent care centers located within the Hospital’s geographic regions. AHSIC holds real estate interests and manages health care businesses including magnetic resonance imaging, durable medical equipment and private duty home care services. The Captive’s principal activity is to provide for professional and commercial general liability insurance to the Parent and its subsidiaries beginning January 1, 2002. In addition, the Parent wholly owns the following not-for-profit entities: Atlantic Ambulance Corp., a not-for-profit company established to provide emergency and nonemergency medical transportation to the Parent and its subsidiaries; North Jersey Health Care Properties which owns commercial buildings; Prime Care, Inc. which provides various wellness, health education and other health services; and Newton Medical Center Foundation, Inc. and the Chilton Medical Center Foundation, Inc., both not-for-profit fund raising organizations for the benefit of their respective Hospital Divisions.

The Overlook Foundation and the Foundation for the Hackettstown Medical Center are not-for-profit fundraising organizations affiliated with the Overlook and Hackettstown Divisions, respectively, however, they are not controlled subsidiaries of the Parent or the Hospital.

Effective January 1, 2022, the Parent and CentraState Healthcare System (“CentraState”), a nonprofit health system with a continuum of care operating one acute care hospital in Freehold, New Jersey in Monmouth County, completed their newly expanded partnership, creating a unique model for health system co-ownership under which the Parent became the 51% majority corporate member in CentraState and CentraState joined the System’s network of care. The partnership is structured to deliver benefits to patients, physicians, and caregivers in CentraState’s communities by strengthening its integrated clinical services, physician network and infrastructure through capital investments. The transaction was accounted for by the Parent in accordance with ASC Topic 958-805, *Not-for-profit Entities: Business Combinations*. No consideration was exchanged to complete the partnership.

In January 2024, the Parent and Saint Peter’s Healthcare System (“SPHS”) had signed a Letter of Intent to establish a strategic partnership, subsequently a Member Substitution Agreement in June 2024. After extensive discussions and a thorough analysis of the rapidly evolving health care landscape, the Parent and SPHS announced on October 6, 2025, their mutual agreement not to move forward with the transaction.

(Dollar amounts in thousands) (Unaudited)

2. Basis of Presentation

The consolidated financial statements included herein are unaudited and include all adjustments (consisting of normal recurring adjustments), which are, in the opinion of management, necessary for a fair presentation of the financial position and results of operations. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted. These financial statements should be read in conjunction with the Hospital's audited financial statements for the year ended December 31, 2024.

3. Net Patient Service Revenue

The components of net patient service revenue for the Hospital (including AVN and AMG) for the years ended December 31, 2025 and 2024 are as follows:

	December 31, 2025	December 31, 2024
Gross charges		
Inpatient	$ 10,610,667	$ 9,621,267
Outpatient	11,372,222	10,069,440
Physician Practices	1,766,046	1,563,778
Total gross charges	23,748,935	21,254,485
Net additions (deductions) from gross charges		
Contractual discounts and implicit price concessions	(18,848,706)	(16,791,535)
Charity care discount	(190,332)	(172,351)
State subsidies	20,438	17,782
	(19,018,600)	(16,946,104)
Net patient service revenue	$ 4,730,335	$ 4,308,381

The Hospital recorded $118,282 and $159,733 of implicit price concessions as a direct reduction of patient service revenues during the years ended December 31, 2025 and 2024, respectively.

(Dollar amounts in thousands) (Unaudited)

The mix of Hospital net patient service revenue (excluding net revenue recorded by AMG), net of contractual discounts and implicit price concessions by payer for the years ended December 31, 2025 and 2024 is as follows:

	December 31, 2025	December 31, 2024
Medicare	22.7 %	24.4 %
Medicaid	0.8	1.0
Managed care and other third party payers	75.8	73.1
Self pay	0.2	1.0
State subsidies	0.5	0.5
	100.0 %	100.0 %

Net patient service revenue recorded by AMG's physician practices amounted to $665,613 and $566,467 for the years ended December 31, 2025 and 2024, respectively. AMG's net patient service revenue by payer for the years ended December 31, 2025 and 2024, is as follows:

	December 31, 2025	December 31, 2024
Medicare	22.6 %	22.7 %
Medicaid	0.4	0.4
Managed Care and other third party payers	76.9	76.7
Self Pay	0.1	0.2
	100.0 %	100.0 %

4. Federal Legislative Relief Funds

Congress has appropriated funds to reimburse eligible health care providers for healthcare expenses incurred and/or loss in revenue due to COVID-19.

During 2024, the Hospital applied for and received approval from FEMA for the reimbursement of qualifying capital and non-capital COVID-19 related expenses. The Hospital recognized $872 within operating revenue in the consolidated statements of operations for the year ended December 31, 2024. FEMA can and does retrospectively adjust grant distribution formulas and may adjust funding already received which may impact the amount the Hospital has recorded, in future financial statement periods. No such funding was received in 2025.

5. Pension Plan Contribution

The Hospital contributed $16,000 and $60,000 to the cash balance pension plan during the years ended December 31, 2025 and 2024, respectively. The service cost component of annual pension expense for the year ended December 31, 2025 was $32,856, as compared to $34,950 for the year ended December 31, 2024.

(Dollar amounts in thousands) (Unaudited)

6. Assets Limited as to Use

Assets limited as to use at December 31, 2025 and 2024, consist of the following:

	December 31, 2025	December 31, 2024
Board designated		
Short-term investments including money market funds	$ 223,409	$ 254,899
Equity securities	413,314	416,132
Fixed income funds	776,106	648,941
Mutual funds	1,720,580	1,542,043
Alternative investments - equity	-	28
	3,133,409	2,862,043
Under bond indenture agreements		
Short-term investments including money market funds		
Interest account	2,850	3,167
Principal account	4,063	6,949
Debt service reserve fund	646	671
	7,559	10,787
Total assets whose use is limited	3,140,968	2,872,830
Less, assets limited as to use and are required for current liabilities	61,443	67,872
Noncurrent assets limited as to use	$ 3,079,525	$ 2,804,958

Assets limited as to use under bond indenture agreements represent certain funds that are controlled by trustees for as long as any of the bonds remain outstanding. These funds, including interest income, are held by bank trustees who administer the trusts as required under the bond indenture agreements.

(Dollar amounts in thousands) (Unaudited)

7. Long-Term Investments and Other Assets

Long-term investments and other assets at December 31, 2025 and 2024 are as follows:

	December 31, 2025	December 31, 2024
Long-term investments		
Short term investments including money market funds	$ 9,613	$ 4,703
Mutual funds	88,844	82,423
Alternative investments - equity	8,534	7,946
	106,991	95,072
Other assets		
AHSIC intercompany loans	107,407	112,200
Professional and general liability insurance recoveries	118,516	118,516
CentraState intercompany loan	113,816	113,816
Workers compensation liability insurance recoveries	8,300	8,300
Accrued employee benefit asset	37,841	37,841
Due from Overlook Medical Center Foundation	40,336	40,481
Due from Newton Medical Center Foundation	3,864	3,385
Due from Chilton Medical Center Foundation	7,009	6,407
Due from the Foundation for Hackettstown Medical Center	2,621	2,328
Venture capital private equity funds	27,627	24,253
Equity method investments	4,153	3,842
Beneficial interest in trusts	3,003	2,634
Goodwill	44,321	14,633
Life interest in real estate	9,775	9,000
Other	8,253	8,918
	536,842	506,554
Total long-term investments and other assets	$ 643,833	$ 601,626

On August 17, 2022, the Hospital entered into a secured loan agreement with CentraState in the amount of $103,497, whereby the proceeds were utilized by CentraState to pay off or legally defease all of its financed obligations as of that date. CentraState will pay interest to the Hospital monthly at a fixed rate of 3.21% with the full principal amount due to the Hospital on May 31, 2037. The loan is collateralized by the gross receipts of CentraState as well as its owned properties. In addition, certain financial covenants must be maintained by CentraState. On July 1, 2024, CentraState sold the Center for Aging, Inc. d/b/a Applewood, its wholly owned subsidiary to an unrelated entity. Upon sale, CentraState transferred $19,681 to the Hospital to pay off the portion of the secured loan related to Applewood.

On August 31, 2023, the Hospital entered into a revolving credit loan agreement with CentraState in the amount of $30,000, whereby drawdowns were utilized by CentraState to pay working capital requirements to meet its obligations. CentraState will pay interest to the Hospital monthly at a fixed annual rate of 5% with the full principal amount due to the Hospital on August 31, 2028. As of December 31, 2025, CentraState had drawn down the full $30,000 on the revolving credit loan.

The Hospital accrues an estimate of the ultimate cost of claims under all insurance policies whether the policy is fully insured or a self-insurance policy, with any insurance recoverable under such policies recorded as a receivable. As of December 31, 2025 and 2024, the Hospital has recorded a corresponding liability for professional and general liability insurance claims within accounts payable and accrued expenses in the consolidated balance sheets. As of December 31, 2025 and 2024, the Hospital recorded liabilities related to estimated gross workers compensation claims totaling $26,300, within accounts payable and accrued expenses in the consolidated balance sheets.

Due from Overlook, Newton, Chilton and Hackettstown Medical Center Foundations relate to the amounts due from the Foundations for contributions received by the Foundations on behalf of the Overlook, Newton, Chilton and Hackettstown Divisions. The Foundations solicit funds in their general appeal to support the Hospital and for other health care purposes as the respective Foundation's individual Board of Trustees may deem appropriate. In the absence of donor restrictions, the Foundations' have discretionary control over the amounts to be distributed to the providers of health care services, the timing of such distributions, and the purposes for which such funds are used. The assets held at the affiliated foundations are comprised primarily of cash and cash equivalents, marketable equity securities and debt securities.

8. Long-Term Debt and Interest Rate Swaps

The Hospital is the sole member of the obligated group as defined in and established under the Master Trust Indenture. Neither the Parent nor any of its affiliates is liable to make any payment with respect to the bonds or any other obligations under the Master Indentures. Under the terms of the Master Trust Indenture, the Hospital is required to maintain certain deposits with a trustee, which are included with assets limited as to use in the consolidated balance sheets. The Master Trust Indenture also contain provisions whereby certain financial ratios are to be maintained and permit additional borrowings subject to the maintenance of specific financial ratios. The most restrictive covenant is for the Hospital to maintain a debt service coverage ratio in each year of at least 1.2 times the debt service requirement on all long-term debt in that year. The Hospital is compliant with its financial covenants at December 31, 2025 and 2024.

(Dollar amounts in thousands) (Unaudited)

Long-term debt at December 31, 2025 and 2024 consists of the following:

	December 31, 2025	December 31, 2024
$100,000 JP Morgan Chase Taxable Term Loan maturing on May 31, 2037. Principal is payable quarterly as is interest at an annual interest rate of 3.21%. The loan is collateralized by the Hospital's gross receipts.	$ 88,333	$ 91,667
$450,000 Series 2021 Taxable Bonds (Fixed Rate) maturing on July 1, 2051. Interest is payable each January 1 and July 1 at an annual interest rate of 2.78%. The bonds are collateralized by the Hospital's gross receipts.	450,000	450,000
$224,800 New Jersey Health Care Facilities Financing Authority (“NJHCFFA”), AHS Hospital Corporation, Series 2016 Refunding Bonds (Fixed Rate), in varying maturities through 2041 at annual interest rates varying between 3.00% and 5.00%. Interest is payable each January 1 and July 1 and principal is payable each July 1 commencing in 2017. As of December 31, 2025, the average interest rate on the bonds was 4.14%. The bonds are collateralized by the Hospital’s gross receipts.	134,055	146,925
$425,000 Series 2015 Taxable Bonds (Fixed Rate) maturing on July 1, 2045. Interest is payable each January 1 and July 1 at an annual interest rate of 5.02%. The bonds are collateralized by the Hospital's gross receipts.	425,000	425,000
$50,000 Bank of America Taxable Term Loan maturing on December 1, 2028. Interest is payable monthly at an annual interest rate of 5.6%. The loan is collateralized by the Hospital's gross receipts under the Master Trust Indenture.	50,000	50,000
$177,110 NJHCFFA AHS Hospital Corporation, Series 2008A Revenue Bonds (Fixed Rate), in varying maturities through 2027 at annual interest rates varying between 4.88% and 5.00%. Interest is payable each January 1 and July 1 and principal is payable each July 1 commencing in 2009. As of December 31, 2025, the average interest rate on the bonds was 5.00%. The bonds are collateralized by the Hospital's gross receipts.	935	1,515
$177,110 NJHCFFA AHS Hospital Corporation, Series 2008B and 2008C Revenue Bonds (Variable Rate), in varying maturities commencing in 2027 through 2036 at annual interest rate of 3.08%. The interest on the bonds is payable monthly and principal will be payable each July 1. As of December 31, 2025, the average interest rate on the bonds was 2.78%. The bonds are collateralized by the Hospital’s gross receipts.	177,110	177,110
Total long-term debt	1,325,433	1,342,217
Unamortized bond premium	46,615	49,219
Deferred financing fees	(5,151)	(5,403)
	1,366,897	1,386,033
Less: Current portion of long-term debt	13,485	19,136
Long-term debt, net of unamortized bond premium, debt issuance costs, and current portion	$ 1,353,412	$ 1,366,897

(Dollar amounts in thousands) (Unaudited)

On April 9, 2008, the Hospital unwound and reissued two new barrier swaps: the 2008 Swap and the 2004 Swap. The 2008 Swap was reissued in place of the 2006A Swap when the Series 2006A Revenue Bonds were redeemed. This was a noncash transaction. The original notional amount of the swap was $91,550 subject to reduction in the principal amortization of a portion of the Hospital's Series 2008 variable rate debt and will expire on July 1, 2036, with an annual fee of 0.51%. The notional amount of the swap was $87,400 at December 31, 2025 and 2024. Under the terms of the swap agreement, if the Securities Industry and Financial Markets Association ("SIFMA"), formerly known as the Bond Market Association, Municipal Swap Index, exceeds 4.05% for 90 days, the Hospital will pay a fixed rate of 4.00% in addition to the annual fee of 0.51%. The Hospital will then receive 68% of SOFR and pay the counterparty 4.00%. Currently the swap is treated as an ineffective swap for accounting purposes until SIFMA exceeds 4.05% for 90 days, at that time the swap will be tested to determine if it qualifies as a cash flow hedge.

The 2004 Swap was reissued when the Series 2003 and 2004 Revenue Bonds were redeemed. This was a noncash transaction, and there were no changes to the terms of the swap. The notional amount of the swap was $97,525, subject to reduction in the principal amortization of a portion of the Hospital's Series 2008 variable rate debt. The annual fee was 0.52%. Under the terms of the swap agreement, if SIFMA exceeded 4.05% for 90 days, the Hospital would have had to pay a fixed rate of 4.00% in addition to the annual fee of 0.52%. The Hospital would have then received 68% of SOFR and would have had to pay the counterparty 4.00%. The swap expired on July 1, 2025.

The following table presents the swap liabilities, recorded in accrued employee benefits and other, net of current portion, as of December 31, 2025 and 2024:

	December 31, 2025	December 31, 2024
2008 interest rate swap	$ 3,543	$ 4,232
2004 interest rate swap	-	16

The following table sets forth the effect of the interest rate swap agreements on the consolidated statements of operations for the years ended December 31, 2025 and 2024:

	Amount of gain recognized in the performance indicator	
	December 31, 2025	**December 31, 2024**
Derivative in Non-Hedging Relationship		
Non operating gain, net		
2008 interest rate swap	$ 689	$ 1,531
2004 interest rate swap	$ 16	$ 42

In accordance with the above swap agreements, the Hospital is required to fund a cash collateral account if the market value of the combined swaps exceeds the trigger amount of $12,000. As of December 31, 2025 and 2024, the combined market value of the swaps was below the trigger and as such, no collateral was required by the counterparty.

9. Commitments and Contingencies

The Hospital is subject to complaints, subpoenas, claims and litigation which have risen in the normal course of business. In addition, the Hospital is subject to reviews and investigation by various federal and state government agencies to assure compliance with applicable laws, some of which are subject to different interpretations. While the outcome of such matters cannot be determined based upon information available at this time, management, based on advice from legal counsel, believes that any loss which may arise from these actions will not have a material adverse effect on the financial position or results of operations of the Hospital.

10. Subsequent Events

The Hospital performed an evaluation of subsequent events through February 13, 2026, the date that these unaudited consolidated financial statements were issued.